



Irish Life Weekly Investment Bulletin

The week that was – WEEK 30 2018 (ending 27/07/2018)

“Any fool can turn a blind eye but who knows what the ostrich sees in the sand.” – Samuel Beckett

Irish retail sales up 7% y-o-y in June – The Central Statistics Office reported that seasonally adjusted retail sales volumes rose by 7% on an annual basis in June (-3.4% on a monthly basis) and 4.6% y-o-y (+0.1% on a monthly basis) excluding motor sales. The largest monthly sector increase was Electrical Goods, up 2.1%.

EU / U.S. trade war fears lower after Juncker / Trump talks – President Donald Trump met with European Commission President Jean-Claude Juncker in the Oval Office and appeared to reduce the chances of a trade war as they unexpectedly agreed to negotiate a trade deal to work toward “zero” tariffs and barriers/subsidies.

Global stock market up 0.8% on the week – The MSCI AC World TR Index showed a 0.84% return from 20th July to 27th July, to give a fourth consecutive weekly gain. Markets were again supported by corporate earnings but also some easing in trade war tensions. The Vix closed the week at 13.03, up slightly from 12.86.

ECB keeps interest rates and monetary policy on hold – The European Central Bank decided unsurprisingly to maintain its main refinancing interest rate at zero. It did not signal any change on ending bond purchases at the end of the year and also keeping current rates “at least through the summer of 2019”.

U.S. economy in Q2 hits highest growth in nearly 4 years – The Commerce Department reported that GDP in the second quarter grew by an annualised rate of 4.1%, the highest lift since a 4.9% gain in Q3 2014. Personal consumption rose 4% while business investment grew 7.3% and exports also rose ahead of coming tariffs.

May to lead Brexit talks with EU – British Prime Minister Theresa May said in a written statement to parliament that she was taking personal control of European Union withdrawal negotiations while new Brexit Secretary Dominic Raab will be “deputising” for her. Some said this may hopefully lead to less confusion in the UK position.

The Story of the week: A zoo in Cairo’s International Garden municipal park has been accused of painting a donkey with black stripes to pass it off as a zebra. The photo of the animal in question was taken by a visitor, Mahmoud Sarhan and has gone viral. Many social media users have noted that the animal has long floppy ears instead of the more rounded ears of a zebra, that it had black smudges and did not have parallel stripes. The zoo denied the claims.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 27/07)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	4.3
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-1.0
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	2.6
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	2.9
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	6.6
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	12.1
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-0.2
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-2.3
Eurozone Government Bonds 1-5 yr	2.1	3.4	1.0	0.9	-0.2	-0.4
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	3.0
German	1.9	0.5	0.6	0.2	0.4	0.4
UK	3.0	1.9	1.9	1.2	1.2	1.3
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	0.9
Italy	4.1	2.1	1.6	1.8	2.0	2.7
Greece	8.2	9.6	7.9	7.1	4.1	3.8
Portugal	6.1	2.7	2.5	3.8	1.9	1.7
Spain	4.1	1.6	1.7	1.4	1.6	1.3
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.0
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.16
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.89
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.31
IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
Ireland	12.3	36.1	25.1	12.6	8.1%	4.6% (To end of Q2)
U.K.	10.7	17.8	13.1	3.6	10.3%	1.9% (To end of Q1)
U.S.	11.4	11.2	12.1	7.8	7.1%	2.2% (To end of Q1)

*Past performance is not a reliable guide to future performance and may fall as well as rise.